

Message Text

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44

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 USIA-06 AID-05

NSC-05 CIEP-01 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 /087 W

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O R 271506Z JUL 76

FM AMEMBASSY PARIS

TO DEPARTMENT OF TREASURY IMMEDIATE

INFO SECSTATE WASHDC 3348

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

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PASS FEDERAL RESERVE AND COMMERCE

E. O. 11652: N/A

TAGS: EFIN

SUBJECT: PARIS FOREX MARKET

1. BANK OF FRANCE RAISED DAY-TO-DAY MONEY MARKET RATE
TO 9 AND 1/4 TODAY AND FRANC APPRECIATED SOMEWHAT
AGAINST DOLLAR, CLOSING AT 4.93. AGAINST D-MARK 1.91625;
SWISS FRANC 1.96825. MARKET VOLUME DESCRIBED AS LIGHT.

2. FOREX MARKET SEEMS TO BE GETTING MESSAGE FROM BANK OF
FRANCE ACTIONS IN MONEY MARKET. THUS, CHANGE IN
OVERALL DIRECTION OF FOREX POSITIONS COULD CAUSE
SOME APPRECIATION OF FRANC IN COMING DAYS. IN ANY
CASE, VOLUME AND FOREX TRADER COMMENTS CONFIRM A
MUCH MORE CAUTIOUS MARKET YESTERDAY AND TODAY THAN
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LAST WEEK. IMPLICATIONS OF NO OFFICIAL FOREX

MARKET INTERVENTION DURING PAST TWO WEEKS BEGINNING
TO SINK IN. FOREX TRADERS NOW VERY AWARE OF POSSIBLE
APPRECIATION AND KEENLY AWARE THAT BANK OF FRANCE
OBVIOUSLY WILLING TO LET RATE FLUCTUATE MORE ON
DAY-TO-DAY BASIS THAN WAS CUSTOMARY IN THE PAST.
FOR PARIS FOREX TRADERS THIS IS RATHER NOVEL
SITUATION. THUS, WHILE THE EXCHANGE RATES PROBABLY
WILL MOVE A BIT MORE DAY TO DAY, THE UNDERLYING
SPECULATION ON FURTHER DEPRECIATION IS VISIBLY AND
RAPIDLY WEAKENING.
GAMMON

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NNN

Message Attributes

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Concepts: REPORTS, FOREIGN EXCHANGE RATES, FRANC
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Draft Date: 27 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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04 MAY 2006

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